

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 ISO-00 CIAE-00

COME-00 DODE-00 DOTE-00 FMC-01 INR-07 NSAE-00 CG-00

OFA-01 DLOS-04 L-03 SS-15 SP-02 NSC-05 H-02 /078 R

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EA/PHL:RWILLNER

FMC:WJSMITH

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R 101830Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY OSLO

AMEMBASSY PANAMA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY STOCKHOLM

AMEMBASSY HELSINKI

AMEMBASSY ATHENS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS:

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SUBJECT: SHPPING: PHILIPPINE DISCRIMINATORY MEASURES,
PRESIDENTIAL DECREE 667

REFERENCE:A)MANILA 8940 (NOTAL) B) MANILA 7516

1. FYI ONLY

FEDERAL MARITIME COMMISSION (FMC) STAFF INFORMS THE DEPARTMENT THAT THE COMMISSION HAS APPROVED, IN PRINCIPLE, RETALIATORY ACTION AGAINST PHILIPPINE VESSELS IN EVENT EMBASSY,S DIPLOMATIC EFFORTS DO NOT SUCCEED. FMC STAFF HAS ALREADY DRAFTED SECTION 19ORDER SPECIFYING RETALIATORY ACTION AND STAFF BELIEVES THE COMMISSION WOULD APPROVE PUBLISHING THIS ORDER IF THE STAFF WERE TO RECOMMEND THIS TO THE COMMISSION. DRAFT SECTION 19 ORDER WOULD REQUIRE PHILIPPINE FLAG VESSELS CALLING AT US PORTS TO PROVIDE FMC WITH COMPLEE CARGO MANIFESTS SHOWING SHIPPER, CONSIGNEE, AND VALUE FOR ALL CARGO. FMC WOULD USE THIS INFORMATION TO DETERMINE WHAT MONETARY ASSESSMENT SHOULD BE MADE AGAINST CARGO ON PHILIPPINE FLAG VESSELS TO NEUTRALIZE THE BENEFITS SHIPPERS HAVE RECEIVED FROM PD 667 5-/ 543-5.3,5. PHILI- PPINE PD 667 IS ONE OF SEVERAL FOREIGNDISCRIMATORY

MEASURES CURRENTLY UNDER STUDYBY FMC. THEREFORE THE COMMISSION'S DECISION ON WHETHER TO PUBLISH A SECTION 19 ORDER RETALIATORY TO PD 667 WILL BEBASED NOT ONLY ON SPECIFICS OF THIS ISSUE BUTALSO ON THE LARGER PROBLEM OF WHAT APPEARS TO BE A TREND FOR NATIONS TO ATTEMPT TO SUPPORT THEIR MERCHANT MARINES BY MEASURES WHICH ARE DIS- CRIMINATORY TO THE UNITED STATES MERCHANT MARINE. THUS THE FMC STAFF IS NOT CERTAINHOWMUCH LONGER THE COMMIS- SION MIGHT WAIT BEFORE DIRECTING THE STAFF TO ISSUE A SECTION 19 ORDER. END FYI ONLY.

2. IF THE FMC DECIDED TO PUBLISH A SECTION 19 ORDER ON PD 667, INTERESTED PARTIES (WHICH COULD INCLUDE THE GOP AND PHILIPPINE VESSEL OPERATORS) WOULD HAVE A FEW WEEKS TO COMMENT ON THE PROPOSED SECTION 19 RETALIATORY ACTION BEFORE FMC DECIDED WHETHER TO IMPLEMENT IT.
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3. DEPARTMENT AND FMC APPRECIATE EMBASSY'S SUGGESTION FOR STRONG ACTION RECOMMENDED PARA 5, MANILA 7516. HOWEVER, BEFORE TAKING SUCH ACTION, FMC AND DEPARTMENT WISH EMPHASIZE THE IRREVERSIBLE NATURE OF THE SECTION 19 PROCESS. ONCE A PROPOSED SECTION 19 ORDER WERE PUBLISHED, THE FMC WOULD HAVE TO CARRY THROUGH THE SECTION 19

PROCESS UNLESS THE GOP WERE TO TAKE POSITIVE STEPS TO WITHDRAW OR OTHERWISE NULLIFY THE EFFECT OF PD 667. WHILE THE PROCESS OF PUBLISHING A PROPOSED ORDER, RECEIVING VIEWS OF INTERESTED PARTIES, CONSIDERING THESE VIEWS AND DECIDING ON A FINAL RETALIATORY ACTION MIGHT TAKE A NUMBER OF WEEKS, FMC WOULD, IN ABSENCE OF POSITIVE GOP ACTION, EVENTUALLY HAVE TO TAKE RETALIATORY ACTION AGAINST CARGOES ON PHILIPPINE SHIPS CALLING AT U.S. PORTS.

4. ACTION REQUESTED. DEPARTMENT NOTES IN PARAGRAPH 5 OF MANILA 8940 (NOTAL) THAT EMBASSY INTENDS TO REVIEW PD 667 ISSUE AGAIN AT THE CABINET LEVEL, STRESSING IMPORTANCE OF PUBLIC ANNOUNCEMENT OF SUSPENSION OF PD 667 PENDING INTERAGENCY REVIEW. IN LIGHT OF PARA 3 ABOVE, AND UNLESS EMBASSY PERCEIVES OBJECTIONS, DEPARTMENT SUGGESTS THAT DURING ITS APPROACHES EMBASSY INFORM CABINET OFFICIALS THAT FMC SECTION 19 PUBLICATION IS A GROWING POSSIBILITY AS CONTINUED PUBLIC INACTION BY GOP ON PD 667 ENCOURAGES PHILIPPINE IMPORTERS AND EXPORTERS TO EXPECT PD 667 TAX BENEFITS, AND AMERICAN VESSEL OPERATORS EXPERIENCE A CONTINUED EROSION OF THEIR MARKET. ADDITIONALLY EMBASSY MAY INFORM GOP OFFICIALS THAT INTENT OF POSSIBLE FMC SECTION 19 ORDER WOULD BE TO MAKE A MONETARY ASSESSMENT AGAINST CARGOES CARRIED BY PHILIPPINE FLAG VESSELS TO NEUTRALIZE THE BENEFITS SHIPPERS HAVE RECEIVED FROM PD 667 TAX TREATMENT. EMBASSY PLEASE INFORM DEPT. OF RESULTS ITS REVIEW THIS ISSUE AT CABINET LEVEL.

5. IF EMBASSY'S CABINET LEVEL APPROACHES FAIL TO PRODUCE WITHDRAWAL OF PD 667 OR OTHER POSITIVE ACTION BY GOP, FMC WILL MOST LIKELY HAVE TO INITIATE SECTION 19 ACTION. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, CUSTOMS DUTIES, TAX CHANGES
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE162291
Document Source: CORE
Document Unique ID: 00
Drafter: SVSMITH:JM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750239-0736
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750768/aaaacilq.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 MANILA 8940, 75 MANILA 7516
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by SmithRJ>; APPROVED <02 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SHPPING: PHILIPPINE DISCRIMINATORY MEASURES, PRESIDENTIAL DECREE 667
TAGS: EWWT, ETRD, RP, US
To: MANILA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006